

EXHIBIT "U"

17:16 I-8

LEGISLATIVE HISTORY CHECKLIST
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(Financial institutions--
clarify payments from third
party accounts)

NJSA: 17:16I-8

LAWS OF: . 1995

CHAPTER: 372

BILL NO: A2359

SPONSOR(S): Bateman

DATE INTRODUCED: December 1, 1994

COMMITTEE: ASSEMBLY: Financial Institutions

SENATE: State Management

AMENDED DURING PASSAGE:
First reprint enacted

Yes Amendments during passage
denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: June 12, 1995

SENATE: December 21, 1995

DATE OF APPROVAL: January 5, 1996

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:
SPONSOR STATEMENT:

SPONSOR STATEMENT: Yes (Below)

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

Sponsor's statement:

This bill clarifies the rights of the parties to a multiple-party account by permitting payment of the entire account balance to judgement creditors and trustees in bankruptcy of any party to the account.

KBP: pp

DO NOT WRITE IN THESE SPACES

[FIRST REPRINT]

ASSEMBLY, No. 2359

STATE OF NEW JERSEY

INTRODUCED DECEMBER 1, 1994

By Assemblyman BATEMAN

1 AN ACT concerning payments from multiple-party accounts and
 2 amending P.L.1979, c.491.

3
 4 BE IT ENACTED by the Senate and General Assembly of the
 5 State of New Jersey:

6 1. Section 8 of P.L.1979, c.491 (C.17:16I-8) is amended to read
 7 as follows:

8 8. Financial institutions may enter into multiple-party
 9 accounts to the same extent that they may enter into
 10 single-party accounts. [Any multiple-party account may be paid,
 11 on request, to any one or more of the parties.] The following
 12 payments from a multiple-party account by the financial
 13 institution, including payment of the entire account balance, are
 14 deemed authorized by all parties to, and any other person with an
 15 interest in, the multiple-party account, without any duty on the
 16 part of the financial institution to consider the net contributions
 17 of the parties to the account:

18 a. Payments, on request, to any one or more of the parties;
 19 b. Payments pursuant to any statutory or common law right of
 20 set off, levy, attachment or other valid legal process or court
 21 order, relating to the interest of any one or more of the parties;
 22 and

23 c. Payments, on request, to a trustee in bankruptcy, receiver
 24 in any state or federal insolvency proceeding, or other duly
 25 authorized insolvency representative of any one or more of the
 26 parties.

27 A financial institution shall not be required to inquire as to the
 28 source of funds received for deposit to a multiple-party account,
 29 or to inquire as to the proposed application of any sum withdrawn
 30 from an account, for purposes of establishing net contributions.

31 ¹Notice that the entire account balance is subject to
 32 subsections b. and c. of this section shall be given to the parties
 33 by the financial institution, either in the account agreement or by
 34 separate document, in the manner the Commissioner of Banking
 35 may direct by regulation. Any account for which notice is not
 36 given shall not be subject to the terms of subsection b. or c. of
 37 this section.¹

38 (cf: P.L.1979, c.491, s.8)

39 2. This act shall take effect ¹[on the 90th day following
 40 enactment] immediately and shall apply to all multiple-party
 41 accounts opened on or after the effective date of this act upon
 42 provision of the notice required pursuant to section 1 of this act.
 43 This act shall apply to all multiple-party accounts opened prior to

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
 above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:
¹ Assembly AFI committee amendments adopted March 27, 1995.

A2359 [1R]

2

1 the effective date of this act on the 90th day after the notice
2 required pursuant to section 1 of this act is provided to the
3 parties to the account¹.

4

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6

7

8 Clarifies rights to payments from multiple-party accounts.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2359

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 27, 1995

The Assembly Financial Institutions Committee reports favorably and with committee amendments, Assembly, No. 2359.

This bill, as amended, clarifies the rights of the parties to a multiple-party financial institution account by permitting payment of the entire account balance to judgment creditors and trustees in bankruptcy of any party to the account. Currently, payment of the entire account balance is permitted, upon request, to any one or more of the parties to the account without the financial institution being required to inquire as to the source of funds for purposes of establishing net contributions to the account.

This bill is not intended to make any inferences as to the existing case law. If the required notice is not given for a particular account, the provisions of subsections b. and c. of section 1 of the bill will not apply to that account, which will continue to be governed by the existing case law.

The amendments to the bill require that notice that the entire account balance is subject to the provisions enumerated in subsections b. and c. of section 1 of the bill shall be given to the parties to the multiple-party account by the financial institution pursuant to regulations promulgated by the Commissioner of Banking.

SENATE STATE MANAGEMENT, INVESTMENTS AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 2359

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 1995

The Senate State Management, Investments and Financial Institutions Committee reports favorably Assembly, No. 2359(1R).

This bill clarifies the rights of the parties to a multiple-party financial institution account by permitting payment of the entire account balance to judgment creditors (subsection b.) and trustees in bankruptcy of any party to the account (subsection c.). Currently, payment of the entire account balance is permitted, upon request, only to any one or more of the parties to the account without the financial institution being required to inquire as to the source of funds for purposes of establishing net contributions to the account (subsection a.).

If the required notice is not given for a particular account, the provisions of subsections b. and c. of section 1 of the bill will not apply to that account, which will continue to be governed by the existing case law.